



CONNECTICUT ASSOCIATION OF
REALTORS® INC.

Statement on

**H.B. No. 6435 (RAISED)
AN ACT CONCERNING THE CONVEYANCE TAX AND FORECLOSURES
OPPOSE**

Submitted to the Committee on Banks
March 7, 2013
By Dan Keune
Connecticut Association of REALTORS®, Inc

Good day, Senator Leone, Representative Tong and members of the committee. My name is Dan Keune. I have the privilege of speaking on behalf of my fellow 15,000 members of the Association in opposition to Raised Bill 6435, *AN ACT CONCERNING THE CONVEYANCE TAX AND FORECLOSURES* which seeks to repeal conveyance tax exemptions.

The Association's opposition to the conveyance tax is well known. That opposition is even sharper when the conveyance tax acts to kick a homeowner when they are down.

The current limited exemption only exempts homeowners who are attempting to sell for a price insufficient to pay mortgages and tax liens or give the bank a deed in lieu of foreclosure. Note, the exemption does not apply to second homes, investment properties or commercial properties. It does not apply if the shortfall is caused by closing costs.

There is this mistaken notion that the exemption is simply helping the lenders. That is not the case. Banks do not happily absorb conveyance taxes. Homeowners who do not qualify for short sales, and not everyone does, must bring their own funds to closing in order to close. The exemption helps those people. Short sale approvals are based on many issues including "net proceeds to the lender." In other words, banks will not approve short sales where they believe the net proceeds are insufficient. The exemption helps those homeowners where the bank has agreed to a short sale but expects homeowner to make up some or all of the deficiency. Despite the popular misconception, a homeowner cannot just mail the keys to the bank, the bank must agree to a deed-in-lieu. Banks can condition deed-in-lieu transactions on the homeowner paying the conveyance taxes and other costs.

Finally, note that as the housing market heals and home prices rise and home equity rises above the surface of the waves, the exemption will be less frequently used and more revenue generated on its own.

- CONTINUED-



The Voice for Real Estate™ in Connecticut

111 Founders Plaza, Suite 1101, East Hartford, CT 06108-3212
Tel: (860) 290-6601 | Toll Free: (800) 335-4862 | Fax: (860) 290-6615
www.ctrealtor.com

For these reasons, the members of our Association hope that you will oppose the repeal of these exemptions.

Thank you for your time, and I will be happy to answer any of your questions.



The Voice for Real Estate™ in Connecticut

111 Founders Plaza, Suite 1101, East Hartford, CT 06108-3212
Tel: (860) 290-6601 | Toll Free: (800) 335-4862 | Fax: (860) 290-6615
www.ctrealtor.com